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Howard J. Symons

EX PARTE NOTICE FILED

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April 15, 1998

HAND DELIVERY

Ms. Magalie Roman Salas  
Secretary  
Federal Communications Commission  
1919 M Street, N.W., Room 222  
Washington, D.C. 20554

RECEIVED

APR 15 1998

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Errata  
Ex Parte Presentation

Implementation of Sections 11 and 13 of the Cable Television Consumer  
Protection and Competition Act of 1992 - Horizontal and Vertical Ownership  
Limits

MM Docket No. 92-264

Dear Ms. Salas:

This letter corrects the docket number on the attached ex parte notice. The correct reference is MM Docket No. 92-264.

Pursuant to sections 1.1206(b)(1) and (b)(2) of the Commission's rules, an original and one copy of this letter and the attachment are being filed with the Office of the Secretary.

Sincerely,



Howard J. Symons

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April 3, 1998

HAND DELIVERY

Ms. Magalie Roman Salas  
Secretary  
Federal Communications Commission  
1919 M Street, N.W., Room 222  
Washington, D.C. 20554

RECEIVED

APR 3 - 1998

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Ex Parte Presentation

Implementation of Sections 11 and 13 of the Cable Television Consumer  
Protection and Competition Act of 1992 - Horizontal and Vertical Ownership  
Limits

MM Docket No. 92-864

Dear Ms. Salas:

On April 2, 1998, Robert Lemle, Executive Vice President and General Counsel of Cablevision Systems Corporation, met with Susan Fox, Senior Legal Advisor to Chairman Kennard; Anita Wallgren, Legal Advisor to Commissioner Ness; Helgi Walker, Legal Advisor to Commissioner Furchtgott-Roth; Rick Chessen, Senior Legal Advisor to Commissioner Tristani; and John Logan, William Johnson, To-Quyen Truong, and Marcia Glauberman of the Cable Services Bureau to discuss the horizontal ownership limits applicable to cable systems.

Specifically, we discussed the effect of the horizontal ownership rule on Cablevision, which does not exceed the horizontal limit but which may face restrictions on its ability to purchase additional systems because of its recent acquisition of systems from TCI. We proposed that, prior to deciding whether to lift the current stay of the horizontal limit, the Commission institute a proceeding to seek comment on the horizontal issues in light of the staleness of the record and the changed circumstances in the four years since petitions for reconsideration of the rule were filed. We also noted that the application of the horizontal ownership limits was a function of the Commission's cable attribution rules, and that it would be appropriate to decide

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Ms. Magalie Roman Salas

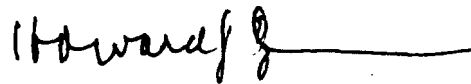
April 3, 1998

Page 2

both matters concurrently. Finally, we provided the Commission participants with the attached paper summarizing the Cablevision-TCI transaction.

Pursuant to sections 1.1206(b)(1) and (b)(2) of the Commission's rules, an original and one copy of this letter and the attachment are being filed with the Office of the Secretary.

Sincerely,

A handwritten signature in black ink, appearing to read "Howard J. Symons", followed by a long horizontal line extending to the right.

Howard J. Symons

cc: Susan Fox  
Anita Wallgren  
Helgi Walker  
Rick Chessen  
John Logan  
William Johnson  
To-Quyen Truong  
Marcia Glauberman

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## **CABLEVISION'S ACQUISITION OF TCI SYSTEMS**

### **Background**

Cablevision has acquired cable systems from TCI in New Jersey and Northern New York serving about 800,000 subscribers. In exchange, TCI received about 12 million share of Cablevision Class A common stock. This translates into an equity interest of approximately 32.7 percent, and a voting interest of 8.9 percent.

The acquisition of the TCI systems increased Cablevision's customer base in its New York metropolitan area cluster from 1.7 million to more than 2.5 million, giving the company the additional economies of scale and scope that will enable it to invest in a new generation of telecommunications and programming services. Cablevision is already a leading provider of competitive telephone service to business and residential customers on Long Island.

### **Limitations on TCI's Control of Cablevision**

The Cablevision-TCI deal was carefully structured to prevent TCI from exercising control over Cablevision.

- TCI holds Class A common stock, which is entitled to only one vote per share. Class B common stock, held by the Dolan family, is entitled to ten votes per share. Thus, TCI's 32.7 percent equity interest represents only an 8.9 percent voting interest in Cablevision.
- In effect, TCI has no independent voting power. On all matters that require a class vote (the election or removal of directors from the Board and any increase in authorized shares), TCI is required to vote its Class A shares in direct proportion to the votes of the non-TCI Class A shareholders. On other matters, TCI can easily be outvoted by the members of the Dolan family. The Commission has noted with approval that a proportionate voting requirement deprives the shareholder of control over a licensee. Request of MCI Communications Company and British Telecommunications PLC for Declaratory Ruling, 9 FCC Rcd 3960, 3963 (1994).
- TCI may not become part of a voting group or establish a voting trust to aggregate its votes with those of any other shareholder.
- TCI is limited to nominating 2 of the 16 directors on Cablevision's board.

### **Public Interest Benefits of the Transaction**

- Cablevision's acquisition of the TCI systems reflects its strategy of building clusters of cable systems – in New York, Boston, and Ohio – that provide the platform necessary for developing innovative cable services, video programming, and advanced technology offerings.
- Consumers will benefit from additional choices, alternative sources of services such as low-cost phone service and high speed data services, and new state-of-the-art products and customized programming.
- The transaction also significantly de-leverages Cablevision's balance sheet, which will improve its debt position and increase its cash flows.